Rural Delivery

New York State Rural Housing Coalition, Inc. November, 2017

Historic Reform Plan To Modify Mortgage Insurance Deduction

After some last-minute negotiations, on November 2nd House Republicans released the Tax Cuts and Jobs Act to make sweeping changes to the US tax code. The plan takes a historic step in directly revising the mortgage interest deduction, a $70 billion annual tax expenditure that primarily benefits higher income households, including the top 1% of earners in the country.

The proposal preserves the Low Income Housing Tax Credit Program, but eliminates private activity bonds which are critical to the production and preservation of affordable housing. The bill also eliminates the New Market Tax Credit program.

The House bill calls for slashing the corporate tax rate from 35% to 20% and would benefit wealthy Americans by repealing the alternative minimum tax and phasing out the estate tax.

The legislation is estimated to increase the national deficit by $1.51 trillion over a decade. Increasing the deficit in this way will likely lead to deep spending cuts in the future to important domestic programs, including affordable housing and community development programs.

Mortgage Insurance Deduction

The tax reform legislation proposal makes reforms in lowering the amount of a mortgage against which the mortgage interest deduction (MID) can be claimed to $500,000 for new home loans and doubling the standard deduction. This change to the MID would impact fewer than 6% of mortgages nationwide and would save an estimated $95.5 billion over the first decade.

However, the legislation uses the savings generated by MID reform to pay for lower tax rates for billionaires and corporations without addressing the affordable housing crisis in America. This proposal is a problemmatic.

Instead, Congress should reinvest the savings from MID reform into affordable housing solutions, like the national Housing Trust Fund, rental assistance, or a renter's credit, that would help the lowest income people in America—including seniors, people with disabilities, families with children, and other vulnerable populations—who too often struggle to pay the rent and make ends meet.

The National Low Income Housing Coalition-led United for Homes campaign calls on the President and Congress to embrace smart reforms to the MID. These include reducing the amount of a mortgage eligible for a tax break from $1 million to $500,000 – impacting fewer than 6% of mortgages nationally – and converting the deduction into a credit, providing a greater tax break to 25 million low and moderate income homeowners, including 15 million mortgage holders who currently do not benefit from the MID. These reforms would generate $241 billion in savings over 10 years that should be reinvested into critical

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In This Issue...

RD Rural Delivery

Rural Delivery is published by the
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The Coalition is a non-profit statewide membership organization dedicated to strengthening and revitalizing rural New York by assisting housing and community development providers.

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For information on advertising in Rural Delivery and to receive a copy of our advertising rate sheet, please contact the Coalition at:
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EQUAL HOUSING OPPORTUNITY

Bits and Pieces...

Foreign-Born Tenants Rights

NYS HCR has published a fact sheet on the rights of foreigh-born tenants in New York State regardless of immigration status. The fact sheet is found at *www.nyshcr.org/AboutUs/Offices/FairHousing/Immigrant-Tenats-Flyer.pdf*.

December 31st Deadline For Multi-family Loan Guarantees

Applications for USDA's multi-family loan guarantee program for rural rental housing are due on December 31st. This program guarantees bank loans for the purchase or development of rental housing for low and moderate income persons. Rental complexes of five or more units are eligible, located in communities of under 35,000 people. For more information, visit: *www.rd.usda.gov/programs-services/multi-family-housing-loan-guarantees/ny*.

CC The Coalition With Your APR

The Rural Housing Coalition is once again asking Rural Preservation Companies to forward by email a copy of your most recent Annual Performance Report. Export the file to a PDF, and email it to *colin@ruralhousing.org*. We will be using data from the APRs to inform policy makers about the importance of continued funding for the RPC program in 2018 and beyond. The data in your report will be immensely helpful in this effort. Thanks.

Ribbon-Cutting Slated

Neighbors of Watertown will celebrate the ribbon cutting for the newly renovated Brighton-Empsall building on December 7th. The project is another step forward in the revitalization of downtown Watertown. Congratulations to the NOW staff on this fantastic accomplishment!

Federal and US military employees can support the Rural Housing Coalition through the annual Combined Federal Campaign (CFC). If you are a federal government or military employee and would like to donate through the CFC, please enter CFC code #9614 on your pledge card during the next fund drive.

HOME Cost Allocation For MultiFamily Rental Proposals

HUD has launched a seven-part tutorial on Using the HOME Cost Allocation Tool. The tutorials explain the basic requirements for cost allocation in the HOME Program and help HOME Participating Jurisdictions (PJs) understand how to use the Excel-based tool to complete and document required cost allocation reviews of multi-unit HOME rental projects.

HUD has also updated the HOME Cost Allocation Tool, originally published in December, 2016. The updated tool includes minor corrections to the narrative instructions, spelling, and formatting. However, none of the changes affect the programming or mathematical calculations compared to the original version.

To view the tutorials, visit: *www.hudexchange.info/programs/home/using-the-home-cost-allocation-tool-case-studies-and-demonstration/?utm_source=HUD+Exchange+Mailing+List&utm_campaign=2d5aa20f05-HOME+Allocation+Tool+Tutorials&utm_medium=email&utm_term=0_f32b935a5f-2d5aa20f05-18458393*.

RD Final Rule Issued

USDA Publishes Final Rule on Multi-Family Housing Program Requirements to Reduce Financial Reporting Burden:

On October 25th, the final rule on the Multi-Family Housing Program Requirements to Reduce Financial Reporting Requirements was published in the Federal Register. With the Final Rule, the Rural Housing Service (RHS) revises its existing regulations regarding financial reporting to align RHS requirements with the requirements of the Department of Housing and Urban Development (HUD) and implement a risk-based threshold reporting to reduce the burden on the borrower to produce multiple financial reports, focus on high-risk properties, and reduce the financial cost of reporting on properties. The Final Rural amends 7 CFR Part 3560, Direct Multi-Family Housing Loans and Grants, including the requirements for the financial management of Agency financed multifamily housing projects. The Final Rule goes into effect on November 24, 2017. To read the Final Rule, visit *.www.gpo.gov/fdsys/pkg/FR-2017-10-25/pdf/2017-23082.pdf.*

Tax Reform Proposal, Cont'

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rental housing solutions, like the national Housing Trust Fund and rental assistance, for families with the greatest needs – not used to pay for lowered tax rates for wealthy individuals and corporations.

See related story on Page 4

Papa Resigns From Board

Long-time Coalition Board Member Marlene Papa resigned her seat on the Board of Directors on October 6th. During her service to the Coalition, Marlene made significant contributions to the success of the organization. We wish Marlene all the joys of retirement with her husband Angelo.

UF 2017 Application Updates Issued

NYS Homes and Community Renewal issued an update on October 4th and on October 6th related to the 2017 Unified Funding round for multifamily rental housing developments. The Capital Application Instruction revises language on Page 48 of the instructions related to the calculation of the qualified basis of the proposed project. The RFP updates impact loan terms, and other underwriting changes. The updates are found at *www.nyshcr.org/Funding/UnifiedFundingMaterials/2017/UF_2017_Capital_Application_Instructions.pdf.* and at *www.nyshcr.org/Funding/UnifiedFundingMaterials/2017/2017-MultifamilyPrograms-UnifiedFunding-RFP.pdf.*

HEAP Program To Open

The New York State Office of Temporary and Disability Assistance (OTDA) expects to open the Home Energy Assistance Program (HEAP) on November 13, 2017. HEAP is a federally funded program that issues heating benefits to supplement a household's annual energy cost. Eligible New York households may receive one regular HEAP benefit per program year to help pay for home heating. An emergency HEAP benefit is available for eligible households in danger of running out of fuel or having utility service shut off. Eligibility and benefits are based on income, household size, and primary heating source. Visit *https://otda.ny.gov/programs/heap/* for more information. Questions about the HEAP program should be directed to your local district HEAP contact, found at *https://otda.ny.gov/programs/heap/contacts/*.

Judy's View:

A note from the Chair of the New York Rural Advocates, Judy Eisgruber

Rural Preservation leaders have many responsibilities when it comes to advancing their company's mission; raising funds has always been when one of them. Many of the resources that support RPC activities, including core administrative funding for planning and grant writing, come from the state and federal government. As with the funds we raise from private sources, we have to ask for government funds and we have to make a convincing case that our use of these public resources is at least as important as other activities in which the government invests its funds.

New York State Rural Advocates is proud of the role our members have played in gaining the support of Governor Cuomo for three years of reliable, predictable funding for RPCs and the state housing programs we deliver to our communities. The Governor's budget department combined multiple sources of funds to provide the most robust funding levels in the history of the program. However, by next March, one or more of those sources of funds will be exhausted. We - all of us - need to begin making the case that our programs are important to the rural communities we serve. We need to reach out to the Governor and our elected members of the state legislature and convince them that our work is important and ask them to make sure we have adequate resources to continue meeting the housing needs of our communities.

New York State Rural Advocates will be gathering in Albany on February 26th and 27th and we need your participation if our effort to secure full funding for RPCs is to be successful. Please mark these dates on your calendar and plan on joining us as we visit your elected representatives. We also want to offer a challenge: having preliminary meetings with the staff of your state legislators in the district offices is a great place to start. Think of it as friend-raising. We encourage every RPC to have at least one in-district meeting with your Senators and Assembly Members by the middle of December. Use these meetings to bring the staff up to speed on your agency's programs and accomplishments, and ask them if they are seeing housing-related issues that you may not be aware of. It will be hugely helpful to have our legislators view their RPCs as a dependable resource for their constituents.

If you are not a Rural Advocates member, please consider joining us. I look forward to working with all of you through the fall to position us for success in this coming budget battle. Thanks for being involved!

Judy

Budget Proposal Targets Tax Credits

The Tax Cut and Jobs Act released by the House of Representatives on November 2nd also targets various tax credit programs used in affordable housing and community development efforts.

Low Income Housing Tax Credit

The tax reform preserves the 9% Low Income Housing Tax Credit program (Housing Credit), but it eliminates private activity bonds and the 4% credit, and fails to include any reforms proposed in the Affordable Housing Credit Improvement Act (HR 1661) that was introduced by Representatives Pat Tiberi and Richard Neal. HR 1661 is designed to strengthen the Housing Credit program to ensure it better serves our nation's most vulnerable families.

The Republican tax plan would repeal the tax-exempt status of private activity bonds, which are used to finance the construction and rehabilitation of multifamily housing for low income renters. Investors purchase housing bonds at low interest rates because the income from them is tax-free. The interest savings made possible by the tax exemption is passed on to renters in reduced housing costs. States increasingly combine private activity bonds with other resources—including Housing Credits and HOME Investment Partnerships (HOME) program funds—to serve even lower income families for longer periods of time than the law requires.

Because the 4% Housing Credit is only available with debt financing from tax-exempt private activity bonds, the Republican bill essentially eliminates the 4% Housing Credit.

One of the greatest barriers to increasing the supply of affordable housing for those who need it most is the lack of additional, deep-subsidy resources to ensure that the lowest income households in America can afford to pay rents in developments that remain financially sustainable. To overcome this barrier, the Tiberi-Neal bill increases the availability of Housing Credits for

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Funding Available For Tuning Up Heating Systems

The New York State Office of Temporary and Disability Assistance still has funds available to help lower-income households get their heating equipment inspected and cleaned as the heating season gets underway. Furnace and heating equipment tune-ups can help improve energy efficiency while helping save on heating costs. The program is federally funded through the Home Energy Assistance Program (HEAP). Residents can apply at their local district HEAP contacts.

Eligible homeowner households can receive energy efficiency services which includes the cleaning of primary heating equipment, but may also include chimney cleaning, minor repairs, installation of carbon monoxide detectors or programmable thermostats, if needed, to allow for the safe, proper, and efficient operation of heating equipment. Benefit amounts are based on the actual cost incurred to provide clean and tune services, up to a maximum of $400. To qualify, households must not exceed the program's income guidelines, which vary by household size. OTDA is accepting applications until funding is exhausted.

Applicants must apply through the local district office (see *https://otda.ny.gov/programs/heap/contacts/* for contact information) and meet HEAP program income limitations.

OTDA is accepting applications until funding is exhausted.

Career Opportunities

Housing and Community Development Director

Chautauqua Opportunities, Inc. (COI) seeks an exceptional professional to lead its Housing and Community Development division. S/he will work with a talented team of 10 people to help advance COI's vision of empowering individuals and families, while building and transforming communities to achieve social and economic success. A complete position description, including responsibilities should be reviewed here before applying *https://raffa.com/nonprofitsearch/currentsearches/documents/coihcdd.pdf*.

Should you have any questions please contact Executive Search Consultant, James Sunshine at *jsunshine@raffa.com* or (202)955-6742.

Housing and Community Development Specialist Trainee

New York State Homes and Commuity Renewal currently has an opeing for Housing and Community Development Specialist Trainee in the Albany office. theHousing & Community Renewal Specialist will be trained in and responsible for the following as they relate to the Access to Home, RESTORE, Neighborhood & Rural Preservation, and Housing Counseling programs. Candidates must be reachable on the Civil Service list for the title. For more information, see the job posting at *www.nyshcr.org/AboutUs/JobOpportunities/OCR-SpecialistTrainee1.pdf.* EOE

The New York State Rural Housing Coalition is happy to be able to provide help wanted advertising opportunities for our members and non-profit community development agencies. Ad copy must be provided in Microsoft Word format, and may be transmitted by email to rhc@ruralhousing.org. Ad copy must comply with federal and state equal opportunity requirements to be published, and must be received by the 25th of the month to ensure placement in the succeeding issue of Rural Delivery. Ads provided in this fashion will also be posted inthe Career Opportunities page of the Coalition's website, unless a request is specifically made not to place the advertisement on-line.

CDFI Advisory Meeting Slated

The Community Development Financial Institutions Fund (CDFI Fund) is convening a meeting of the Community Development Advisory Board from 9:00 AM to 3:30 PM on Thursday, November 16, 2017.

The function of the Advisory Board is to advise the Director of the CDFI Fund on the policies regarding the activities of the CDFI Fund. The Advisory Board does not advise the CDFI Fund on approving or declining any particular application for monetary or non-monetary awards.

You may view the public meeting as a live webcast. You do not need to register to view the webcast. The webcast will also be archived and available for viewing a few days after the meeting.

Please use the following link to view the live webcast: *http://treas.yorkcast.com/webcast/Play/8df6f2bb10064691bc1fa053563dc1051d?autostart=true*.

Governor Cuomo Signs Fire Lien Proceeds Bill

Assemblyman John T. McDonald recently announced that Governor Cuomo signed into law A2748B/S3391B. The bill, known as the Fire Lien Proceeds Bill, will benefit local governments and the residents and taxpayers they serve, by eliminating a source of blight.

This bill originated with an idea from former Albany 1st Ward Member, Dominick Calsolaro, who brought the issue to Assemblyman McDonald's attention. In 2005, a fire in the City of Albany's first ward damaged a block of several houses. While other property owners made an effort to secure their structures, one homeowner chose not to do so. This resulted in water damage and mold to the home of their neighbor.

The property owner left the two-family home behind and took the insurance proceeds. The city and eventually the county of Albany were left holding the bag for clean-up costs. Not only did the neighbors of this area have to struggle with the blight in their neighborhood, and the unsavory activities attracted by blight, but by skating on their responsibilities, the property owner also left the taxpayers to pick up the tab. This issue is more common than you would think.

Prior to this bill, state law would allow a municipality to impose a lien against the fire insurance policy of a real property owner in the event that the owner does not remedy damage to their property caused by a fire. Presently, this law applies to residential, commercial, and industrial properties, but excluded one and two family residences. This bill amended the general municipal law to hold property owners of non-owner-occupied two family residential structures accountable for the condition of their real property.

The bill takes effect immediately and will help local governments recoup costs that in the past could amount to tens of thousands of dollars. This legislation will ensure that property owners cannot simply collect an insurance settlement and abandon their property. It will also reduce instances of vacant structures and improve quality of life for all members of the community.

Senate Holds Hearings On HUD Nominees

The Senate Banking, Housing, and Urban Affairs Committee held a confirmation hearing on October 26th to consider the nominations of Brian D. Montgomery to serve as assistant secretary for housing and federal housing commissioner, Robert Hunter Kurtz to serve as the assistant secretary for Public and Indian Housing (PIH), and Suzanne Israel Tufts to serve as assistant secretary for administration.

Ranking Member Sherrod Brown used his opening remarks to discuss the affordable housing crisis and the importance of HUD programs. "The gap between housing costs and wages has grown wider over the past decade," Senator Brown said. "Over half a million Americans face homelessness on any given night. A quarter of all renters pay more than half of their incomes towards rent. That makes the [nominees'] job and the job of HUD even more essential."

Several members of the committee asked Mr. Kurtz about how the deep budget cuts proposed by the Trump administration would impact HUD's ability to serve those currently receiving or in need of assistance. Senator Brown pointed out that such cuts undermine public-private partnerships—the very thing HUD Secretary Carson has said is the answer to solving our nation's housing crisis. Senator John Tester said that there was not enough affordable housing in his state, which impacts the ability of communities to recruit new business. He added that new affordable homes would not be built if not for federal support through programs like the national Housing Trust Fund (HTF), the HOME Investment Partnerships program (HOME) and Community Development Block Grants (CDBG)—programs the Trump administration proposes to eliminate. He asked the nominees to push back nominees to push back hard on the proposed cuts.

Mr. Kurtz responded that the Trump budget proposal was the administration's first attempt to start a conversation around reforming public housing to make the program sustainable in the long run. He said his experience working for the City of Detroit taught him that people need to be creative in finding other resources at the state and local level to make up for cuts to federal spending.

The nominees also voiced support for the Low Income Housing Tax Credit program, with Mr. Montgomery pointing to the program's bipartisan support, and for legislation introduced by Senators Maria Cantwell and Orin Hatch to expand the program.

Senators also spoke about the need to reform the housing finance system and the role of the Housing Finance Administration in that pro-

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Senate Hearings, Cont'

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cess. They said that the current status of Fannie Mae and Freddie Mac was not a sustainable long-term solution and hoped that bipartisan efforts to reform the housing finance system would prove successful. Senator Mark Warner mentioned that he hoped those reforms include a clearly identifiable fee to support affordable housing for both renters and first-time homebuyers.

Watch and learn more about the hearing at: *http://bit.ly/2xqllID*.

Budget Proposal Targets Tax Credits, Cont'

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developments serving homeless and extremely low income households. The Tiberi-Neal bill also provides states and communities with flexibility to develop and preserve mixed-income developments that would allow even deeper levels of affordability while maintaining financial feasibility.

The Housing Credit may also be impacted by the lowered corporate tax rate, which could reduce demand and decrease the value it generates for affordable housing developments.

Eliminated Tax Credits

The proposal calls for repealing the New Market Tax Credit and the Historic Tax Credit. New Markets Tax Credits are used to help revitalize and spur economic development in low income communities.

Historic Tax Credits encourage the preservation and adaptive reuse of certified historic and older buildings and housing developers often pair these credits with Housing Credits to build low income housing. The National Trust for Historic Preservation has established an online contact link to send personalized messages about retention of the Historic Preservation Tax Credit in final tax reform legislation at *https://secure2.convio.net/nthp/site/Advocacy?cmd=display&page=UserAction&id=1243*.

Earned Income Credit

The House bill retains the earned income tax credit (EITC) but does not expand it to cover low-wage childless workers and noncustodial parents.

Visit our website at *www.ruralhousing.org*
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